

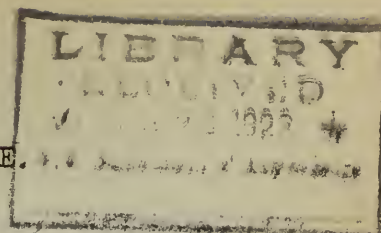
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MARKETING AMERICAN PORK IN ENGLAND

by

E. C. Squire  
Specialist in Foreign Marketing  
Livestock and Meats.

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Edited in the Division of Statistical and Historical Research.

By Leo J. Schaben, Jr. Asst. in Market Information.

## MARKETING AMERICAN PORK IN ENGLAND.

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### - Ports of Entry for American Pork Products -

As is well known, Liverpool is the principal importing port for American pork products shipped to the United Kingdom. Southampton is next in importance to Liverpool. Manchester is also an important receiving port, but since all ships touching at Manchester must first pass through Liverpool, it is but natural that the latter port should be the more important of the two. Other large British port importing ports are London, Glasgow and Bristol. The most important Irish pork importing port is Queenstown. Shipping facilities from the United States to Queenstown and other Irish ports, however, are not so prompt and dependable as the facilities to the ports in England. The greater proportion of the products destined for Irish markets are, therefore, forwarded to Liverpool and other ports in England and are then trans-shipped to Ireland. The markets of Dublin and Belfast in Ireland, as well as New Castle and Hull on the east coast of England, carry on but a very small direct trade with the United States, and practically all of the American pork consumed in those markets is received by rail from Liverpool, Southampton, Manchester and London. All of the larger English ports receive some direct shipments and have facilities for carrying on direct trade, but due to the fact that Liverpool and Southampton



are the best located as ports of receipt and have the best facilities for taking care of the large ocean-going vessels, they rank as the two leading pork importing ports of the Kingdom.

Manchester is the heart of a large industrial center and would undoubtedly be a much larger port of receipt were it not for the fact that only the smaller vessels, which as a rule have no refrigeration facilities, come up the Manchester ship canal. Speed, of course, is a prime essential of the provision trade, not only because it lessens the danger of deterioration, but receipts can be depended upon and markets are not so likely to experience radical fluctuations while goods are en route. Refrigeration, as a rule, is found only on the large and fast ocean-going vessels.

Some good vessels go to Glasgow, and the pork import trade carried on there with the United States is to a considerable extent transacted directly with the foreign port of export. The American exporters who ship to Glasgow of course take special precautions to make sure that the vessel selected has a prompt schedule and does not call at a great number of ports en route. The failure of some exporters to take this precaution has given rise to a series of complaints. It is said that some American exporters, to save a few cents per cwt. (112 lbs.), accept space on boats which are en route three weeks and longer. This procedure is not only harmful to the

quality of the product, especially when shipped during the summer months, but serves to lower the reputation of the American shipper and results in lower prices.

- Liverpool Center of American Bacon Trade -

Liverpool is not only the most important English port of direct receipt, but it is the center of English provision trade for American products. The south of England, London particularly, consumes a very small proportion of American Bacon, preferring the Danish, Irish and other leaner types of pork. The central and northern parts of England, however, consume a large percentage of American bacon, and Liverpool is the center of this trade.

All of the important American packing companies have their head provision offices in Liverpool and large stocks are usually held there. Bristol, for example, would rather pay a slightly higher price in Liverpool, where stocks are always available, than run the risk of overstocking its market by encouraging direct imports from the United States. A portion of their supplies, therefore, is always drawn from Liverpool and, as previously mentioned, practically all the Irish trade is handled in this way. After Liverpool, come Manchester, Bristol and Glasgow as the principal wholesale centers of distribution for American pork products. The principal centers of distribution for Danish and Irish bacon is the order of



their importance are London, Manchester and Liverpool.

- Special Trade Exchanges Maintained -

Liverpool, Manchester, London and Bristol maintain associations or exchanges to establish, maintain and interpret fair trade rules. The names of these exchanges are as follows:

Liverpool: Liverpool Provision Trade Association, Ltd.

Manchester: Manchester Wholesale Provision Association, Ltd.

London: Home and Foreign Produce Exchange.

Bristol: Bristol Provision Trade Association.

The rules of any of these associations may be had on application to the addresses given above.

One of the features of the Liverpool Exchange is a lard exchange, where buyers and sellers buy and sell lard futures. There are the usual complaints that it serves no purpose except for gambling, but most of the traders claim that they are able to avoid speculating by hedging on future deliveries, and that people can buy and sell through brokers without their identity being known. At all events, actual tenders comprise but a small part of all the sales made.

The small packers have attained considerable success because, with lower overhead expenses, they are able to undersell the large packers by a few pence per cwt. British prices are usually governed by the Chicago Lard Market. The Liverpool Exchange receives the

Chicago opening prices by cable daily. The exports of lard from the United States to England during the calendar year 1921 amounted to 224,822,363 lbs.; to Scotland 7,023,274 lbs.; and to Ireland 358,573 lbs.

- Expenses of Landing and Warehousing of American Provisions -

When provisions and lard consignments are received at Southampton, London or Liverpool, the following expenses usually apply:

Southampton:				
Boxed meats and pure lard - all packaged -	L.	s.	d.	Dollars
Landing charges, delivery to store				
housing and delivering ex store, at				
consolidated rate per ton gross,	1	5	0	6.08
Plus 1/5 to cover tare . . . . .		5	0	1.22
Total	1	10	0	7.30

Rate per 20 cwt. net at 1s. 6d. per cwt., = 36¢ per 112 lbs.

There are no lighterage charges at Southampton.

Railway carriage from Southampton to London, Nine Elms Station, per ton gross . . . . .	26	0	6.33
Plus 1/5 for tare . . . . .	5	2½	1.27
Total	31	2½	7.60

Rate per 20 cwt. net at 1s 6 3/4d. per cwt. = 36¢ per 112 lbs.



London:

Boxed meats. - The following charges are always incurred:	£.	s.	d.	Dollars
Delivery to lighter from steamer				
per gross ton . . . . .	1	9		.43
Port of London dues, per ton gross,	1	8		.41
Lighterage, landing, housing and loading to vans from wharf, which includes 7 days' rent, per gross ton . . . . .	14	6		3.53
Plus 1/5 on all above for tare ..	3	7		.87
Total	1	1	6	5.24

or 1s. 1d. per cwt. gross = 26¢ per 112 lbs.

Pure lard in boxes:	L.	s.	d.	Dollars
Delivery from steamer to lighter,				
per gross ton . . . . .	1	9		.43
Port of London dues, per gross ton,	1	8		.41
Lighterage, landing, housing, loading to vans from wharf (which includes 7 days' rent) per gross ton . . .	12	0		2.92
Plus 1/5 on all above for tare .	3	1		.75
Total per ton gross	13	6		4.51

or 11d. per cwt. = 22¢ per 112 lbs.

Pure lard in pails, boxes, etc.	L.	s.	d.	Dollars
Delivery to lighter from steamer				
per gross ton . . . . .	1	9		.43
Port dues, per ton gross . . . . .	1	8		.41
Lighterage, landing, housing, loading to van from wharf (which includes 7 days' rent) per ton gross . . . . .	13	6		3.23
Plus 1/5 tare on above . . . . .	3	5		.83
Total per ton gross	1	0	4	4.95

Cold storage charges on boxed meats  
(Lard is never cold stored)

£. s. d. Dollars

Minimum charge 40s gross weight for  
4 weeks, equalling 48s net weight,  
or 2s. 4 $\frac{3}{4}$  per cwt.; afterwards 10s  
per ton gross per week, equalling  
12 d net weight,

or £7 1s. 5d. per cwt. = \$34.41 per 112 lbs.

Liverpool:

Boxed Meats	£.	s.	d.	Dollars
Dock and town dues, per ton, net weight,		4	0	.97
Master portorage, per ton gross weight,		4	1	.99
Cartage to store, " " " "		3	10	.93
Housing and del'y., " " " "		6	8	1.62
4 weeks' rent, min. " " " "		2	0	.49
Plus 1/5 tare on last four items .....			$\frac{3}{4}$	.02
Total, net weight,	1	0	$7\frac{3}{4}$	5.02

Lard in Boxes	£	s.	d.	Dollars
Dock and town dues, per ton, net weight		4	0	.97
Master portorage, per ton gross "		4	11	1.20
Cartage to store " " " "		4	7	1.12
Housing and del'y. . . . .		7	7	1.85
4 weeks' rent, min. per ton, gross weight,		3	10	.94
Plus 1/5 for tare on the last 4 items . .		4	2	1.01
Total per ton, net.	1	9	$1\frac{1}{2}$	7.09

or 1s. 5 $\frac{1}{2}$  d. per cwt. = 35¢ per 112 lbs.

Lard in pails:	£	s.	d.	Dollars
Dock and town dues, per ton, net weight	4	0		.97
Master portorage, " " " "	6	4		1.54
Cartage to store, " " " "	6	1		1.43
Housing and del'y., " " " "	7	7		1.85
4 weeks' rent, min., " " " "	3	10		.93
Plus 1/5 for tare on last 4 items . . .	4	10		1.18
Total per ton, net,	1	12	8	7.95

or ls. 7½d. per cwt. = 40¢ per 112 lbs.

Lard in tierces:	£	s.	d.	Dollars
Dock and town dues, per ton, net weight,	4	0		.97
Master portorage, " " " "	3	11		.95
Cartage to store, " " " "	4	2		1.01
Housing & del'y., " " " "	6	6		1.58
4 weeks' rent, min., " " " "	2	6		.61
Plus 1/5 for tare on last four items ...	3	5		.83
Total per ton, net	1	4	6	5.95

or ls. 2½d. per cwt. = 29¢ per 112 lbs.

Cold storage charges on boxed meats at Liverpool are:	£	s.	d.	Dollars
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28s per ton gross weight for 4 weeks minimum, equalling 33s. 7d. per ton net weight, or ls. 8¼d. per cwt., afterwards 7s. per ton gross weight per week, equalling 8s. 5d. per ton net,

or 5d. per cwt. = 10¢ per 112 lbs.

In addition, it is the practice for customers to deduct discount at the rate of 5% per annum for 60 days if goods are paid for within seven days. When goods are sold by an English agent, his commission will average about 1 - 1/2%, which must cover the agent's expenses and profits.



- Selling Organizations of American Companies -

American packers carrying on a regular export business as a rule maintain branch houses or are represented in England by commission houses. Some of the packers have a combination of both. There are also individual agencies which represent a group of American packers and are paid a fixed compensation for their services, in addition to commissions on sales. Many commission agents can be found in England who represent several of the smaller American packing companies and many of them carry on a wholesale meat business in addition to their commission sales. Although some American packing houses are represented in different sections by different agencies, the majority maintain but one large central agency usually at Liverpool, with branch agencies in the other markets to look after the interests of their clients and insure the widest possible distribution of their products. Competition between these various American agencies is often very keen.

- Purchasing Methods of English Wholesalers -

The English wholesaler is able to make his purchases from the American exporter in four ways: First, he may purchase his goods from agents after they have been shipped to England by the American exporter; second, he may purchase his goods on a c.i.f. (Cost, Insurance, freight) basis which, of course, has many advantages; third, he may purchase for future delivery on a sliding scale contract; fourth, he

may purchase directly from America through brokers.

The purchase of goods from agents in the United Kingdom, after the produce has been shipped by the American Exporter, is one of the popular methods utilized by the wholesaler. These purchases may be made from the agencies while the goods are en route, ex quai or ex warehouse. Large American exporters, as well as smaller ones, who carry on a steady business transact a great many of their purchases in this manner. In order to hold their trade, they must have some goods arriving or in stock. This method, however, has many disadvantages.

The exporter, who takes all the risks and bears part of all the expenses which have previously been listed, does not know at time of shipment what price he may receive. If the goods are sold on arrival ex quai, the warehouse expenses and depreciation are, of course, avoided. When boxed meats are cold stored, in addition to the minimum storage charge of 1s. 8<sup>d</sup>. per cwt., they must at once be depreciated by one shilling (24¢) or more below goods that have just arrived. Dealers in Liverpool figure roughly that three shillings (72¢) must be taken off per cwt. (112 lbs.) for expenses and depreciation the moment goods are placed in cold storage. On a rising market this may easily be overcome; on a falling market it means extra cost and this is a strong influence in favor of selling boxed meat on arrival whenever possible. This does not apply to lard in



which depreciation and ordinary storage costs are much less.

The next most important method of selling American pork products is by means of c.i.f. (1) sales, which of course has many advantages. When shipping goods c.i.f., the exporter knows the exact price that will be received before the shipment is sent forward. The buyer who has obligated himself to pay all port and other charges, takes the risk of deterioration en route, and leaves the exporter with no gamble to reckon. All forms of pork products are to some extent imported on the c.i.f. basis, particularly hams and picnics which are used seasonally. These are purchased by c.i.f. contract for delivery when they are expected to be in demand. However, since the buyer is forced to take all of the risks, he is inclined to try to buy at cheaper prices. The c.i.f. business alone does not lend itself so well to the establishment of a steady business, as it creates no stock for the filling of regular orders in English ports.

A few American packers, who have a high reputation for quality and dependability, sell months ahead on a sliding scale contract. By this system, wholesalers contract to accept a certain number of boxes per week, to be paid for on the basis of current market quotations, which commonly means the top of the market. The advantage of this method lies in the fact that the goods on arrival go directly to the wholesaler, who, because of his regular receipts, has reason

(1) The symbols "c.i.f." translate "cost, insurance, freight"; Quotations of prices thus made cover the cost of goods, f.o.b. steamer, charges due to special hazards, storage charges at port of shipment, insurance premium charges and all steamer charges to port of destination in accordance with the terms of the bill of lading.



for helping to build up the reputation of the brand.

A considerable quantity of American pork products is also purchased by wholesalers directly from the United States through brokers, especially New York brokers, or through the wholesaler's own branch offices or agents in the United States. There are only a few English wholesalers who maintain their own buying offices in America, but practically all of the large ones buy some of their supply direct through brokers. It appears that a good share of the American pork packers sell some of their goods at times through brokers to English wholesalers, even though they have foreign agents or an elaborate English selling organization of their own. As in the case of c.i.f. sales, the American packer is relieved of uncertainty and expenses in England. It differs, however, from the c.i.f. quotation in that the English buyer, rather than the American packer, has the larger voice in setting prices.

The English agents or representatives of the packers greatly dislike trade that is thus carried on over their heads. They state that these wholesalers canvass all of the agents for prices and then make a lower bid through the New York brokers, American packers who accept these quotations undermine their own agents and their own prices. Wholesalers say that they can save most of the agents' commission, since the broker's commission is much smaller and that they are forced to buy as low as possible to meet the competition of other wholesalers.

Practically all the above points concern the packer's agents as well as the English wholesalers. There is practically no direct selling by the packer's agents to the smaller retailers. Probably the main reason for this is that practically all imported bacon is in the green state. It is cured in America in pickle or salt and must be smoked or otherwise processed by the wholesalers after its arrival in England. The average retailer is not in a position to keep a smoke house in constant operation.

The English bacon wholesaler who purchases his bacon by the methods previously described, is usually a wholesaler of many other foodstuffs as well, such as butter, eggs, cheese and groceries in general. His salesmen can greatly reduce the cost of selling to the retailers by taking orders for all of these supplies at the same time, while the agent of the American packer, who handles nothing but pork and lard, would find it uneconomical to maintain personal contact with a large number of retailers.

The agents for Canadian and European packers also leave the smoking or drying to the wholesaler with the notable exception of the Danish Bacon Company in London, which acts as agent in that section for more than 20 Danish co-operatives. This company maintains its own smoke house. Many retail companies, however, who operate several retail shops, are regarded as wholesalers and maintain their own smoke houses.



American bacon is commonly cured in pickle or salt in America and packed in boxes either in salt or borax. These boxes contain about 500 pounds net and about 600 pounds gross weight. For about a year a small import business has been going on in frozen pigs from the United States. These are being cured into bacon in some of the English curing plants. This bacon has the advantage of a fresh mild cure when it reaches the wholesaler and is very much liked, although the color of the lean portions is not so bright because of the freezing.

Either the packer or the wholesaler must anticipate consumptive demands by 3 weeks or a month because of the time required to receive goods from America. Consequently, many wholesalers, especially in Liverpool, deal to some extent speculatively and resell to other wholesalers or multiple shops without opening the boxes. Manchester and the other British ports carry on very little of this speculative wholesale trade.

Market conditions largely determine the spread in prices which the wholesaler receives for his profits and expenses. At times he may be forced to sell at an actual loss in order to meet keen competition or dispose of goods which he has ordered at high prices. On the other hand, if he anticipates market conditions and buys at the right time, he may be able to make a very good margin.



In general, however, wholesalers add 10 s. (\$2.40 at par) per cwt. (112 lbs.) for their services in washing, smoking and drying. In addition, to cover their selling and other expenses and give them a profit, they usually figure on 5%.

- Methods of Curing Meats -

In the south of England and the Midlands, consumers prefer their hams and bacon cured by smoking. In the northern sections consumers prefer to have their products pale dried. In both cases the wholesaler must wash the hams and bacon to remove the borax or slat and scrape them to remove any slime. If smoked, the surface of the meat having no skin is first sprinkled with pea meal; this gives after smoking an appearance that makes it attractive to the trade. It is not so customary to sprinkle ham with pea meal before smoking.

The hams or bacon are then placed in a smoke house for about two days. From tests witnessed by the writer, the average shrink is between 7 and 8%. If the products are dried, they are hung up after washing to air dry for several days, or they may be stove dried. Most of the smoking is done by sawdust and straw.

Besides the ordinary method of washing and smoking or drying bacon, ham or shoulders are often processed in other ways before smoking. A large percentage of Cumberlands are first boned and then rolled with the loin outside and tied up with strings before

smoking or drying. A small percentage of Wiltshires are also boned or rolled up in the same way. This method applies to bacon produced in other countries as well as America. Some hams, shoulders, picnics and other cuts are also boned and rolled. Many retailers - especially in the central and northern part of England - prefer pork cuts boned and rolled so that they can be cut up without any waste in the slicing machine.

- Preferences of the British Trade -

It is impossible to make a definite statement as to what classes and sections in the United Kingdom use the most American bacon. The Wholesale Cooperative Company, which through its retail establishments, serves about 10 million people, largely of the laboring class, state that their demand is largest for Danish and other high-grade bacons, although they also buy a considerable amount of the American variety. Other traders state consumption of American bacon is not confined to the working class even though it is much cheaper than bacon produced in Europe or even Canada. Some traders have stated that the middle class and the boarding houses are buyers of a large proportion of American bacon in England. Some of the milk cured American bacon, especially from Minnesota and Wisconsin, can scarcely be distinguished from Canadian bacon. American hams, being both mild and lean, are consumed by practically all classes in England.

- Particular Preference for Special Cuts -

While practically all European produced bacon is marketed in England in the form of Wiltshire sides, American packers market their



pork products in England in many different forms. It is impossible to lay down a hard and fast rule as to who buys these various cuts. Some general notes in this regard, which may be of interest, have, however, been obtained.

Long clear middle and short clear backs are especially designed for the Irish trade and at the present time comprise practically all of the pork cuts used in Ireland. A small quantity of picnic hams are also shipped to Ireland. American Wiltshires and Cumberlands are always found in the trade. Picnic hams are sold particularly in London, Liverpool, Manchester, and Bristol and some also to New Castle on the East Coast.

Square cut shoulders cured in salt are used mostly in New Castle, on the East Coast of England and also in Leicester. English cut bellies are also a general trade, but are in special demand throughout the Midlands. The Midlands will take a heavier belly cured in salt. Bristol prefers light weight bellies packed in borax. Hams are a general trade. Glasgow is particularly partial to hams and does not buy so largely of other American products.

- English Trade Prefers Boxed Lard -

Most of the prime steam lard received in England is sold to refiners. This type of lard is received in tierces. Refined lard in tierces is commonly not designed for the regular consumptive trade but for the manufacture of biscuits and pastries. Refined lard packed in



pails and boxes is sold by the regular wholesale trade to the retailers. The general tendency is toward boxes and away from pails. American lard is sold generally over the whole United Kingdom.

To give a genuine picture of the retailer would require a very elaborate survey. In general retailers state that they must have 15% to cover their expenses if they are to make a profit. If possible they take more. Their methods and operating margin are largely decided by their location, the service they are required to render, and by competition.

